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Germany

Grain and Feed

Grain Prices and Crop Outlook

2008

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Report Highlights:

German grain prices have trended downward significantly since the peak at the beginning of 2008. Rye prices are foreseen to drop even further in expectation of a sizeable harvest. In reaction to the expected lower rye prices, reports indicate that a currently out-of-operation bioethanol plant will soon be restarted.

Mid-May rains have been beneficial for the central and southern parts of Germany. The northern part of the country received only spotted showers and moisture supplies remain critical in parts of the region.

Includes PSD Changes: No
Includes Trade Matrix: No
Annual Report
Berlin [GM1]
[GM]

Recent developments in German Grain Markets

Beginning May 15, extensive rains over the southern two-thirds of Germany brought relief to the crops in the field. More rain is forecast for this part of Germany for the week of May 19. Temperatures are also expected to drop significantly to below 20 degree Celsius. On the other hand, the northern third of the country received only some spotted showers and still needs rains since wheat and barley are in the ear developing stage. Because of heavy winter rains the plants did not develop efficient rooting systems. This has made them more vulnerable to water shortage. For the southern part of Germany recent rains provide a promising condition for a sizeable crop.

Given the current moisture shortage situation in Northern Germany FAS Germany remains with its grain crop forecast of 47 MMT, which is 6.3 MMT higher than in 2007. If the northern parts of the country also receive additional rain within the next two weeks crop prospects will increase in this area.

Grain markets are currently relatively quiet. Most old crop supplies have been sold and only some limited leftovers are still in farmers' ownership. In addition, the processors are not appearing as active buyers. Since grain prices peaked earlier this year, prices for baking wheat have dropped by €48/ton; prices for feed barley have dropped by €46/ton and prices for rye are now €46/ton lower.

German Grain Price Developments in Euro / Ton

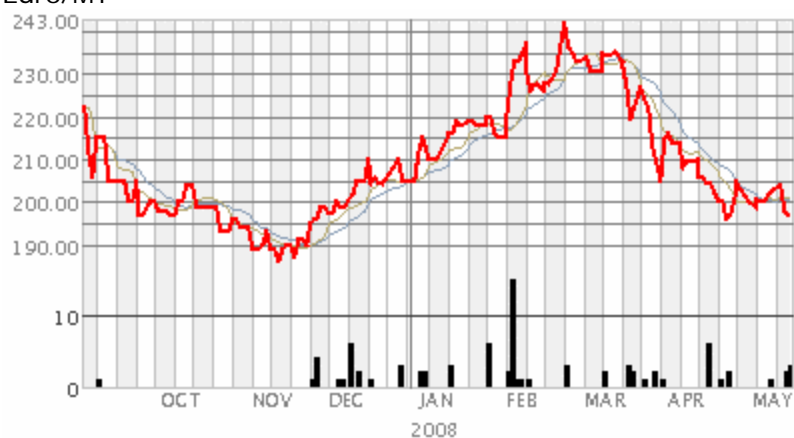
	Bread Wheat	Feed Barley	Rye
Jul 18, 07	176.00	162.00	-
Aug 15, 07	221.63	199.25	218.25
Sep 9, 07	257.60	225.67	246.75
Oct 10, 07	252.25	229.40	249.30
Nov 14, 07	235.00	222.75	238.25
Dec 12, 07	244.00	226.88	243.19
Jan 23, 08	258.07	238.00	251.40
Feb 13, 08	263.92	234.42	250.00
Mar 12, 08	266.40	227.08	244.60
Apr 18, 08	245.75	212.00	220.13
May 14, 08	218.83	192.50	205.00

Source: ZMP, Prices reported at various German commodity exchanges

Since German farmers are expected to harvest a sizeable rye crop of about 4.1 MMT, which is 1.4 MMT more than in 2007, some German grain experts predict that rye prices may drop to €160-180 after harvest. In view of this new price outlook it is reported that the ethanol plant in Northern Germany, which is currently out of operation, will be restarted soon.

August futures prices for new crop wheat currently stand at €195, down from €243 in mid-February. The price curve at the futures market is more extreme than the development of actually paid prices.

Euro/MT



Source: Wheat futures contract for August 2008 delivery at the RMX in Hannover.

Note: Bars represent volume of traded contracts; red line actual closing, blue line 30-day average, green line 20-day average

http://www.wtb-hannover.de/content/maerkte/charts/charts.php?b24&de&produkt=3&bild=WQ08&type=_LI&zeit=gesamt